

Superfund Remedial Program Review: Special Accounts Subgroup Other Issues

The following issues were discussed by the Special Accounts subgroup under the Superfund Remedial Program Review. The subgroup agreed that OSRTI will take the lead in addressing these items under its role as chair of the SASMC.

a. Use of special accounts for Contract Lab Program

Regions currently buy-in to the Contract Lab Program (CLP) with special account funds. The process for buying into the Contract Lab Program (CLP) is a heavy workload on the regions. Funds remain committed rather than obligated, and as a result have to be de-committed at the end of the fiscal year. Furthermore, given the lag in issuance of reimbursable authority at the beginning of the fiscal year, regions lose the opportunity to use special account funds for 1st quarter sampling.

Proposed Action(s):

OSRTI will conduct a pilot in FY 2013 to reimburse CLP costs from the prior budget fiscal year with special account funds. An SV document will be used with a unique identifier to allow for tracking of these costs. After completion of the pilot and discussion with regions, OSRTI will conduct the reimbursement on an annual basis for the preceding budget fiscal year (i.e., in December 2013 OSRTI will prepare documentation with the regions to reimburse CLP lab analysis costs using BFY 2013 “T” funds with special account funds).

b. Deposit of funds in a special account after reclassification

Reclassifying funds consistent with EPA guidance indicates that a special account has too much funding in it for future needs at the site. EPA’s current position is that if special account funds need to be reclassified because an account has too much funding in it, then additional deposits should generally not be placed in the special account because it would be adding to an account that already has too much funding. Rather than placing those funds into the special account, regions may want to consider placing payments into the Trust Fund. However, in situations where oversight payments are being made for ongoing and/or future work at the site, should EPA reduce the special account balance through reclassification, and then deposit future oversight payments into the account as needed to fund oversight activities? Could we distinguish between oversight payments versus other cost recovery payments?

Proposed Action(s):

Discuss with the SASMC which approach they prefer:

- Reduce special account balances through reclassification/transfer if there are excess funds, and allow additional deposits in the special account after reclassification/transfer; or,
- Reduce special account balances through reclassification/transfer if there are excess funds, but do not place additional funds in special accounts after the reclassification/transfer
- May want to distinguish between deposit of regular oversight payments, interest earned, and other payments (e.g., cost recovery settlements, cashouts, de minimis settlements)

c. Use of the WQ bulk funding action code with special account funds

- Regions require the ability to track and record costs at the sub-site level to track costs for different contaminants, PRP groups, and enforcement instruments. For example, Region 9 has ten mega sites with over 126 lines of accounting to be tracked separately.

- Under the current approach for obligating funds from the special account, the Region is required to deobligate and reobligate special account funds after the funds are expended, which is a cumbersome process and a lot more work for a large number of people. For example, funds are obligated from the special account for the following activity at the site:

TR2B 303DD2 09BEMA01 C002

- Actual expenditures may occur for different OUs (e.g., OU2, OU3, OU15, etc., rather than OU1) and/or for a different action.
- Funds cannot be expended because the expenditure does not match the obligating line of accounting; in other words, if funds are not expended on the MA action at OU1 then they cannot be drawn down until funds are deobligated and reobligated with the correct obligating line to match the expenditure.
- To avoid the need to deobligate and reobligate funds from the special account, the region instead is obligating appropriated pipeline funds using WQWQ bulk funding rather than obligating site-specifically to the site. This is to give the state the flexibility to expend funds at the action code and OU level which the PO provides in the terms and conditions of the cooperative agreement.
- The “FY 2012 Dictionary of Superfund Action Codes for Compass Financial Transactions” provides the following direction regarding the use of the WQ action code for ALL funds:
 - May be used to obligate resources for multiple actions (e.g., EE/CA, RI/FS, RD), site or non-site-specifically. Multiple action funding can occur on a single site or a multiple site work assignment. Outlays may not be charged to this action code and must be charged to a specific action code.
- In order to allow the flexibility for special account funds to be used for all of the response actions that are taking place at the site, one recommendation is to obligate funds using the WQ action code in the 5th - 8th characters of the accounting string (action code and OU portions of the accounting string). Instead of the obligation line above, the region would obligate the following line of accounting:

TR2B 303DD2 09BEWQWQ C002

- Funds would be expended for the action code and OU representing the work that was actually done, and would not violate special account provisions requiring funds to be used for response actions associated with the site. Funds would not be allowed to be expended for the WQ code.
- Typically EPA uses “00” to denote either sitewide or non-OU specific actions. However, the region would prefer to use the “WQ” code in the OU field to act as a trigger for the accounting to be reviewed to ensure it should not be expended “00” but should instead be expended for different OUs.
- This recommendation is consistent with current guidance regarding use of the WQ action code. Current guidance does not indicate the WQ action code cannot be used in association with a special account.

Proposed Action(s):

Unless the SASMC identifies any concerns, OSRTI will follow-up with Region 9 that “WQWQ” can be used in the 5th – 8th character lines of the accounting string for special account obligations, but expenditures must be done at the specific action/OU level.

d. Modify reclassification procedures

Regions return dollars to the Trust Fund that could be reclassified that are either payroll or contract dollars. Develop a procedure to reclassify payroll without doing a line by line conversion would help to make more dollars available.

Proposed Action(s):

- Discuss with SASMC staff if what is required for a KV document could be reduced in order to minimize the number of lines required for reclassifications.
- Discuss with OSRTI management creating a team in OSRTI to develop KV documents where regions have identified funds as available for reclassification but the region does not want to develop the KV document.

e. Encourage reclassification/transfer and closure of accounts by providing an assurance of funding for future work

The special accounts subgroup discussed at length the difficulty in reclassifying and/or transferring special account funds when minimal work remains at a site because special accounts provide a readily available source of funds if something needs to be addressed at the site in the future. The regions indicated that more funds could be reclassified and/or transferred from special accounts if an assurance of future funding for a site could be provided. The following are options the group discussed.

Exemption 5 - Deliberative Process

[REDACTED]

[REDACTED]

Proposed Action(s):

- Discuss options with the SASMC at their July 2013 meeting to address this concern.